



**Iowa
Telecommunications
Association**

***Notice of Ex Parte
Presentation***

November 29, 2012

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Portals II, Room TW-A325
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90, *A National Broadband Plan for Our Future*, GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135, *High-Cost Universal Service Support*, WC Docket No. 05-337, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45.

Dear Ms. Dortch:

On November 28, 2012, representatives of the Iowa Telecommunications Association (Roxanne White, Evertek; Don Jennings, Partner Communications; Todd Thorson, Kiesling Associates, and I from ITA – all referred to as the “ITA Delegation”) met with Nick Degani, Legal Advisor for Commissioner Ajit Pai.

In addition, Roxanne White and I met with Angela Kronenberg, Wireline Legal Advisor for Commissioner Mignon Clyburn and met with Priscilla Argeris, Legal Advisor for Commissioner Jessica Rosenworcel.

The purpose of these three meetings was to discuss matters relating to the impact of the reforms adopted in the *USF-ICC Transformation Order* released on November 18, 2011 by the Commission in the above-referenced proceedings (“the *Transformation Order*”).

White and Jennings shared information on the increasing demands by rural consumers in their service territories for more bandwidth to satisfy their business, entertainment, and personal needs. White and Jennings stated that the average rural customer in the exchanges served by fiber downloaded between 26 gigabits and 30 gigabits of data in the most recent monthly period. They also reported that many of their customers were seeking additional bandwidth, but that the uncertainty created by the *Transformation Order* has caused their companies to delay additional broadband fiber expansion. The ITA Delegation also shared data showing that nearly 83% of respondents to a recent ITA member survey said that the FCC’s November 2011 *Transformation Order* has caused them to delay or cancel plans to deploy fiber projects.

Todd Thorson presented updated data from Kiesling Associates showing that the rate of return for 108 Iowa rate of return companies' regulated operations as of 12/31/11 averaged 2.07%, with 45 of those companies having negative rate of return. Likewise, for 96 companies, the average rate of return for the consolidated operations of those companies was 2.59% with 31 having an overall negative rate of return. In addition, Thorson presented data from Telergee showing the declining cash flow to revenues, decreasing Debt Service Coverage ratio and relationship of access revenues to operating revenues. The ITA representatives urged the Commission to tread carefully when it considers re-prescription of the prescribed rate of return.

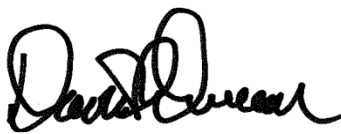
The ITA Delegation also shared a report entitled "Per Housing Unit Analysis" performed by Larry Thompson, CEO of Vantage Point Solutions showing the efficiencies of Iowa small communications providers. The ITA Delegation shared examples of how their companies collaborate with others to gain efficiencies on fiber rings, sharing of resources, sharing of employees, joint purchasing agreements and use of services offered by Iowa Network Services. The group also discussed how current rules fail to incentivize certain efficiencies, such as shared switches.

The ITA Delegation urged the FCC to create regulatory certainty by modifying the regression analysis caps, delaying action on the FNPRM until the impact of the reforms in the *Transformation Order* are fully understood, and adopting a targeted CAF to build a broadband future that allows standalone broadband and addresses middle mile concerns.

The ITA delegation also urged the FCC to adopt a regulatory framework that promotes universal service and provides clear ground rules and encourages a level playing field and clear ground rules for interconnection.

Consistent with the Commission's rules, this letter is being filed electronically with your office in the above captioned dockets. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "David C. Duncan". The signature is fluid and cursive, with the first name "David" being more prominent than the last name "Duncan".

David C. Duncan
President, Iowa Telecommunications Association

cc: Angela Kronenberg
Priscilla Argeris
Nick Degani

Per Housing Unit Analysis

June 1, 2012



VantagePoint

Larry Thompson

Chief Executive Officer

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Summary of Analysis

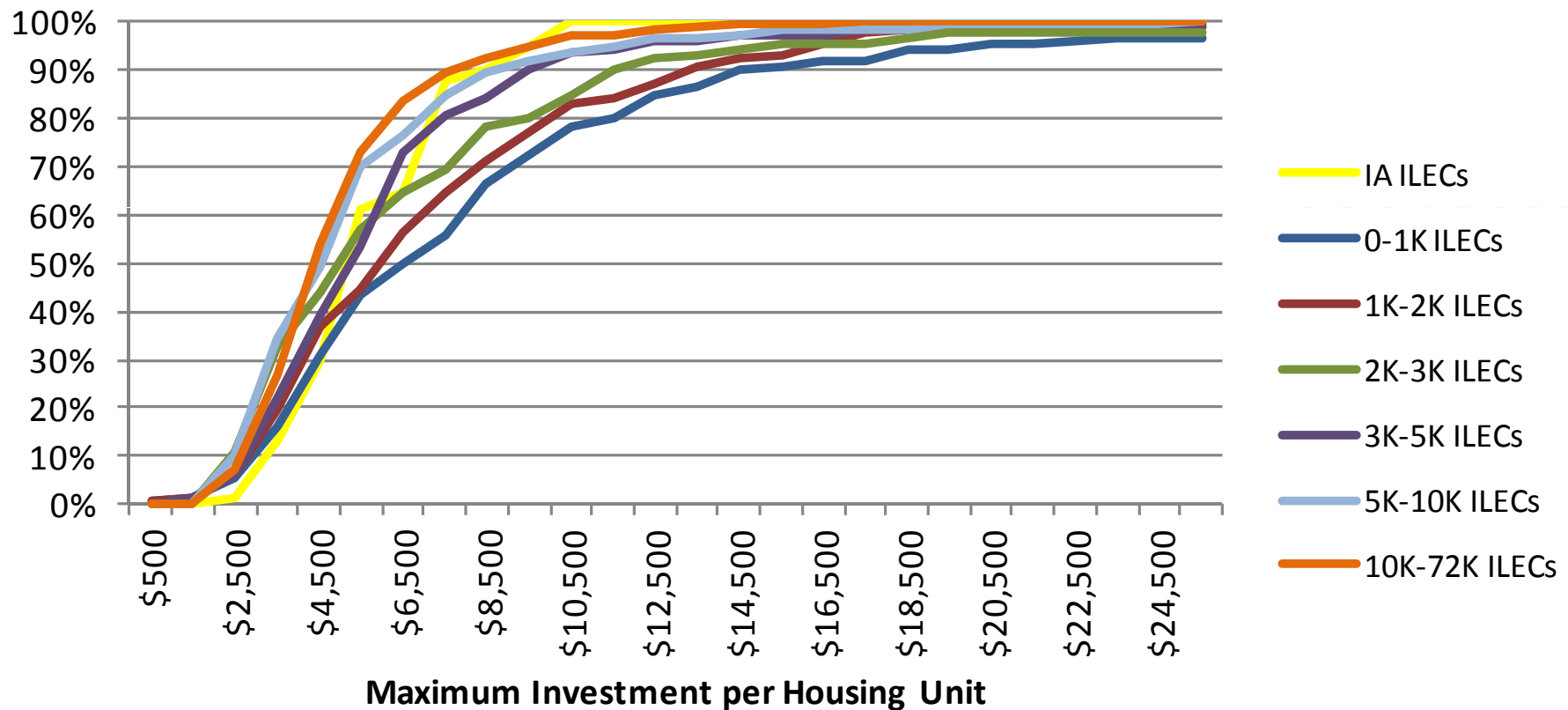
- Based on Publicly available USAC data
 - Based on 2011 Data
- Includes all Cost Companies
 - 34 Iowa Companies
 - Comparable Average Schedule Data not Available
- Per housing unit used as a measurement of company size

Company Summary Included in Analysis

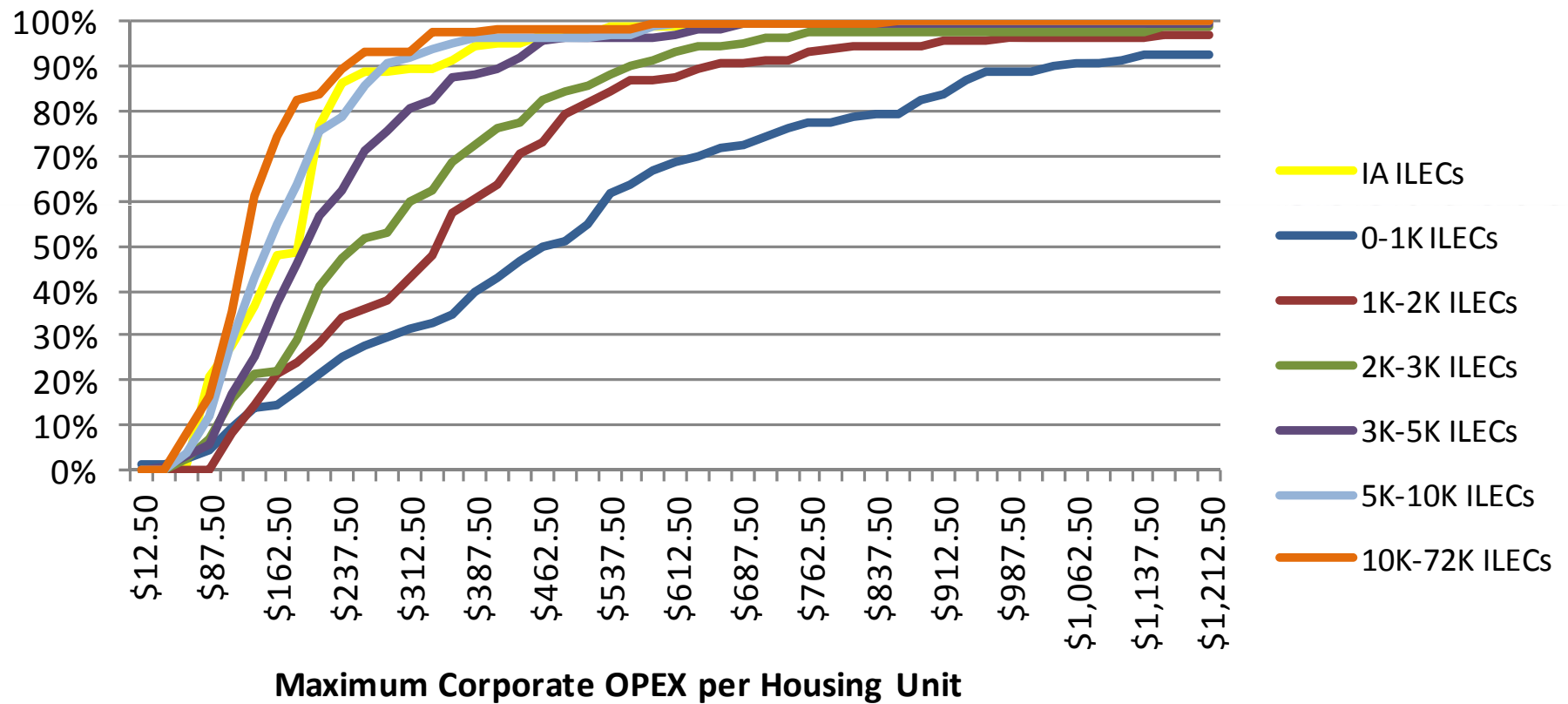


Groups	Total	Iowa
0-1K	163	19
1K-2K	139	6
2K-3K	89	1
3K-5K	125	6
5K-10K	115	4
10K-72K	88	1
Total	719	37

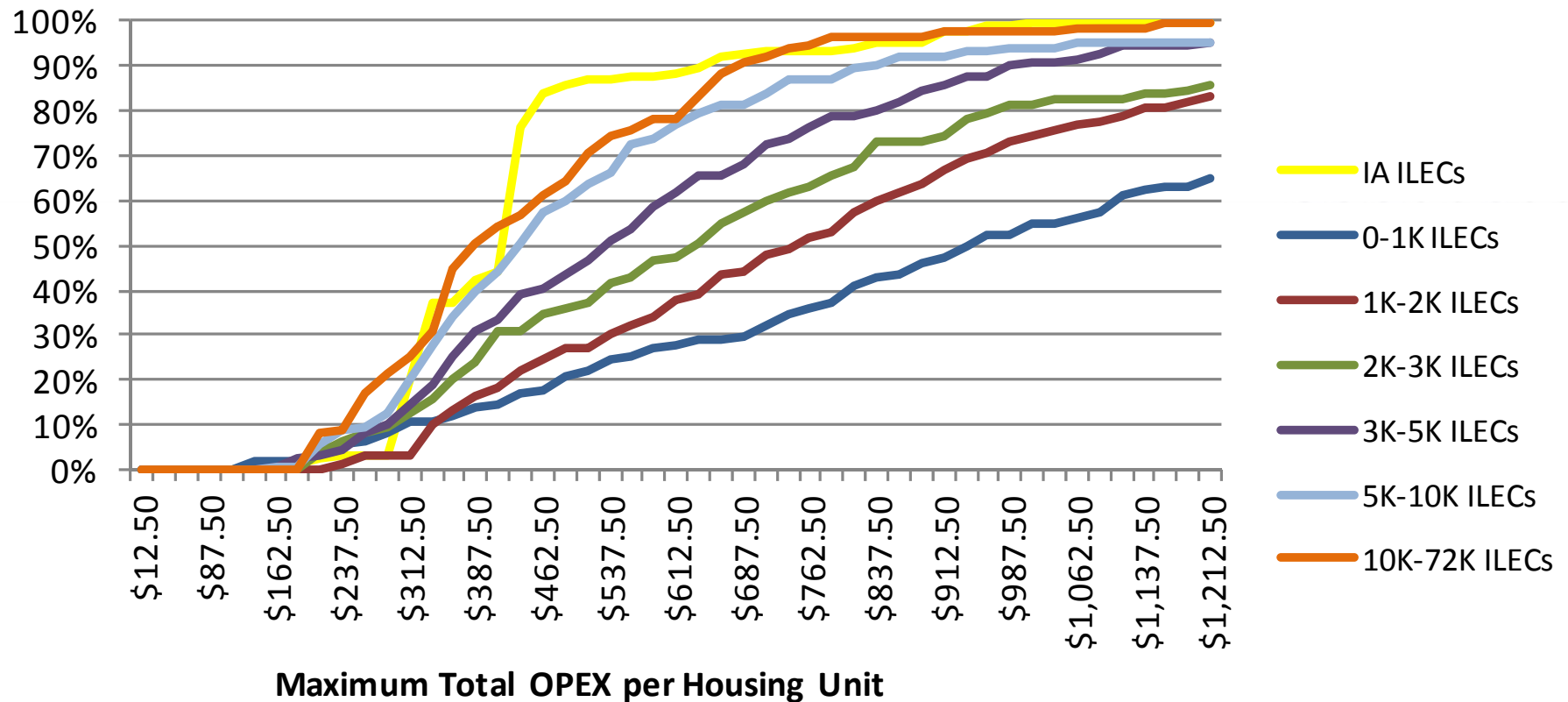
Percentage of Companies with Given Total Investment per Housing Unit (Small RLECs)



Percentage of Companies with Given Corporate OPEX per Housing Unit (Small RLECs)



Percentage of Companies with Given Total OPEX per Housing Unit (Small RLECs)



Analysis of Iowa Only Companies

	Regulated Operations Only	Consolidated Operations
Companies	108	96
Average ROR	2.07%	2.59%
Have Negative ROR	45	31
Companies with Long-term Debt(Est.)	80	
RUS Rate of Borrowing	2.20%	

Iowa only information taken from database of telecom companies served by Kiesling Associates LLP, a regional CPA firm specializing in the communications industry.

Rate of Return(ROR) is operating income divided by net operating plant in service.


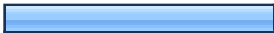
Rural Utilities Service(RUS) is based on published 20 year rates as of November 26, 2012.

Teleree Statistics



	Cashflow to Revenues	Debt Service Coverage Ratio	Have Long Term Debt	Access to Operating Revenues
2007	47.2%	3.04	74.9%	50.8%
2008	39.9%	3.04	79.1%	47.7%
2009	38.3%	2.97	79.5%	45.5%
2010	40.0%	2.49	79.6%	47.5%
2011	39.3%	2.62	80.1%	45.8%

Teleree is an alliance of 7 CPA firms who have specialties in the telecommunications area. Company data is pulled from multiple states and consists of approximately 230 entities of which 25% are Iowa companies.

1. Have you delayed plans to deploy any fiber projects because of the FCC's USF-ICC Transformation Order in November 2011?

		Response Percent	Response Count
Yes		59.8%	49
No		40.2%	33
		answered question	82
		skipped question	0

2. Have you canceled plans to deploy any fiber projects because of the FCC's USF-ICC Transformation Order in November 2011?

		Response Percent	Response Count
Yes		19.5%	16
No		80.5%	66
		answered question	82
		skipped question	0